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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

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Iraq: In a move aimed at bolstering his flagging popular support, Qasim has charged the management of the Western-owned Iraq Petroleum Company with arbitrary breach of its agreements with the Iraqi Government at the expense of the "rights of the Iraqi people." His statement, broadcast on 21 July, and a Baghdad radio attack of 24 July, are sweeping distortions of the facts concerning the company's decision to reduce production in southern Iraq because of an exorbitant increase in Iraqi port dues on oil exports. Qasim says the government will negotiate before adopting any "restrictive measures," but he has chosen to make this the most serious dispute between the government and the oil company since he took over two years ago. [REDACTED]

NO
Thailand: Thailand has expressed strong opposition to any increase in American aid to Cambodia, despite Prince Sihanouk's threat to turn to the Communist bloc if Cambodia's defense "needs" are not met. The acting foreign minister, in conversation with the American ambassador, argued that the Thai people would not understand America's favoring of a neutral over a loyal ally, particularly as Cambodia already receives proportionately more than Thailand.

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25X1 [REDACTED] ***Congo:** With approximately 7,500 UN troops now in the Congo, and with Belgian forces still policing large sectors of the interior, the Congo security situation continues to improve. Any prospect for a coup attempt by anti-Lumumba elements during the Congo premier's visit to the US appears to have diminished with the adjourning of the Congo Senate, a stronghold of anti-Lumumba sentiment.

25X1 [REDACTED] Brussels' reported willingness to permit a UN presence in Katanga and Premier Tshombé's call for a loosely joined but united Congo federation, suggests that neither Belgium nor Tshombé now wants to press the issue of Katanga's independence. [REDACTED]

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DAILY BRIEF

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Qasim's Dispute With the Iraq Petroleum Company

The management of the Iraq Petroleum Company (IPC) has reduced exports of Iraqi oil through the Persian Gulf to about 25 percent of the normal level in response to a unilateral move by the Iraqi Government to raise port dues on oil exports from 6.5 cents per ton to about 78 cents per ton. These exports come from production in Iraq's southern fields, of which Rumayla and Zubayr are by far the largest.

After failing in efforts to have Premier Qasim revoke the decision on port dues, the Western-owned company formally informed the Iraqi Government in a letter dated 20 July that it was suspending production at Rumayla and cutting it back at Zubayr by about one third. The output from the southern fields normally accounts for more than 30 percent of total production in Iraq and last year provided some \$70,000,000 of oil revenues to the government. The cutback of production to its present level entails a loss of revenue to the government of more than \$4,000,000 per month. Had production and exports continued at the normal level, the Iraqi Government would have obtained new income of roughly \$750,000 per month from the increase in port dues.

In contrast to his previous and generally successful tactics of private negotiation of differences with IPC, Qasim this time has launched a propaganda attack. He is presumably trying to use this issue to bolster his flagging popular support. On the basis of a sweeping distortion of the facts, he has accused the company of a breach of its agreements with the Iraqi Government at the expense of the "rights of the Iraqi people." He has singled out IPC's new chief representative in Iraq for special criticism, but has declared that Iraq will undertake negotiations before adopting any "restrictive measures."

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The Situation in the Congo

With approximately 7,500 UN troops now in the Congo--out of a total of 12,000 committed--the security situation continues to improve. In the interior, however, the major responsibility for security continues to rest with the Belgians, whose total forces in the Congo number about 10,000.

Brussels' reported willingness to permit a UN presence in Katanga, together with Katanga Premier Tshombé's remarks endorsing a Congo federation of autonomous states, suggests that neither party will press the issue of Katanga's "independence." Tshombé announced Katanga's secession from the Congo on 11 July, but has yet to gain formal recognition even from Belgium.

25X1 [redacted] Congo Premier Lumumba
views his present visit to the United Nations, expected to last at
least a week, as incidental to an appeal to the United States for large-
25X1 scale aid. [redacted] if he does not receive what he
25X1 asks, Lumumba may well turn to the bloc. [redacted]

In an unexplained move, the Congo Senate on 22 July voted itself a three-week vacation. The lower house had agreed the previous day to adjourn until 1 September. The action by the Senate--which has been the main center of criticism directed at Lumumba's leftist policies--suggests that Lumumba's opponents will await the results of his trip before considering further action. Lumumba reportedly desires to abolish the Senate and establish a unicameral legislature, and he might take advantage of the Senate's adjournment to take action against it. [redacted]

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